

Retired Members | DECEMBER 2024

PEERS

Benefit Check

PUBLIC EDUCATION EMPLOYEE RETIREMENT SYSTEM OF MISSOURI

Eligible Benefit Recipients
to Get 2% COLA
Starting January 2025

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Eligible Benefit Recipients to Get 2% COLA Starting January 2025

On October 28, 2024, the PSRS/PEERS Board of Trustees approved a 2% cost-of-living adjustment (COLA) for eligible benefit recipients, effective January 1, 2025.

How the COLA Is Decided

The COLA increase follows the Board's policy, which is based on the rise in the Consumer Price Index for Urban Consumers (CPI-U) as reported by the U.S. Bureau of Labor Statistics. For fiscal year 2024 (July 1, 2023, to June 30, 2024), the CPI-U increased by 2.9714%. According to the policy, when the CPI-U increase is between 2% and 5%, a 2% COLA is provided.

Annual Actuarial Review

PwC US, the Systems' actuary, performs a comprehensive review of the Systems' financial status each year and presents the findings to the Board at the October meeting. This review helps the Board assess the financial health of the Systems and informs their decisions.

A History of Helping Retirees Maintain Purchasing Power

The Board is committed to maintaining the financial health and strong funding status of the Systems. At the same time, they are dedicated to doing so while also providing stable and secure benefits and working to ensure our retirees maintain purchasing power during tough economic times.

Historically, effective plan management and a supportive Board of Trustees have allowed PSRS/PEERS to provide COLAs to our benefit recipients during times of high inflation. COLAs have been granted each of the last five years, with two of those years being a 5% COLA, the highest the Systems are allowed to provide by law.

PSRS/PEERS COLAs At A Glance	
2025	2%
2024	2%
2023	5%
2022	5%
2021	2%

Depending on individual COLA eligibility, our benefit recipients may have received up to a 16% benefit increase over the past five years.

"I'm proud that the Board of Trustees along with the PSRS/PEERS administrative team work together to support a policy has enabled us to provide a 16% raise for our retirees over the last five years."

– Beth Knes, PSRS/PEERS Board Chair

Contribution Rates Unchanged for 2025-2026 School Year

On October 28, 2024, the PSRS/PEERS Board of Trustees voted to keep contribution rates unchanged for both active members and employers for the 2025-2026 school year, which runs from July 1, 2025, to June 30, 2026.

2025-2026 PEERS Contribution Rates		
Member Rate	Employer Rate	Combined Rate
6.86%	6.86%	13.72%

This decision, guided by a recommendation from PwC US, the Systems' actuary, reflects our commitment to maintaining stability.

The PSRS/PEERS investment team works diligently to consistently deliver long-term returns that make it possible to maintain these rates for yet another year.

"Our Board recognizes the potential challenges that increasing contribution rates could pose for our active members and employers. We commend our investment team for their commitment to delivering long-term returns that consistently surpass our assumed rate, allowing us to maintain stable contribution rates for another year."

– Dearld Snider, PSRS/PEERS Executive Director

Strong Investment Returns in 2024

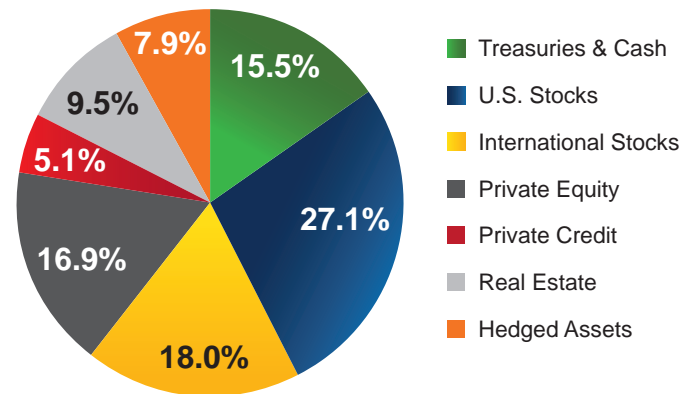
The U.S. stock market has increased more in the first three quarters of 2024 than in any calendar year since 1997. The economy has remained resilient, and the markets have moved higher despite high interest rates and persistent inflation. U.S. stocks (as measured by the S&P 500 Index) returned 22.1% for the year through September 30, 2024, while non-U.S. developed stocks (as measured by the MSCI EAFE Index) moved 13% higher.

The Federal Reserve has been relatively successful in managing the economy in the last several years through a series of short-term interest rate increases in 2023 followed by the first interest rate cut of 0.5% in mid-September 2024. The growth of the economy, employment outlook, wage growth and stock market have remained strong throughout the process.

As 2024 comes to a close, the investment markets will likely face volatility as the Federal Reserve considers additional interest rate cuts in an attempt to maintain maximum employment while hoping to avoid a reemergence of inflation. Additionally, investors face several significant geopolitical headwinds including escalating China-U.S. tensions, the continued Ukraine/Russian war and conflict in the Middle East. Changes in the presidential administration and AI-related advances also introduce investment challenges and opportunities.

Our long-term goal is to provide consistent and meaningful investment returns to support the retirement benefits of our members. As a large institutional investor, we believe that we are particularly well suited to navigate upcoming markets given our ability to invest over a 30-year time horizon. The following chart indicates the PSRS/PEERS asset allocation, which is highly diversified among several different investment classes.

**PSRS/PEERS Asset Allocation
as of September 30, 2024**



The PSRS/PEERS asset allocation is balanced with a significant distribution to return-seeking assets such as stocks and private equity but also a healthy allocation to more defensive investments such as Treasury securities, cash and hedged assets. Public stocks have been the main driver of performance for the Systems in 2024, but every asset class has contributed to the total plan return. For example, we are spending more time on complementary asset classes (i.e., Private Credit) as an alternative in an uncertain environment. The PSRS/PEERS Private Credit portfolio returned 6.8% in calendar year 2024 (through September 30). We continue to believe it is prudent to maintain a structured and well-diversified portfolio that has an opportunity to participate if the markets move higher but also has substantial downside protection in the event of a market correction.

The table below indicates the investment returns for the major asset classes in the PSRS/PEERS portfolio over the last 10 years, for the period ended September 30, 2024. The 10-year returns offer a normative view of what we would expect over a long time period. Specifically, strong returns from public and private equity, modest returns (and diversification benefits) from bonds and hedged assets.

**10-Year PSRS/PEERS Investment Returns
(by Asset Class)**

Treasuries and Cash	1.2%
U.S. Stocks	11.9%
International Stocks	8.5%
Hedged Assets	5.4%
Private Equity	15.1%
Real Estate	7.6%
Private Credit	7.4%

The Systems' long-term investment objective (actuarial assumption) is 7.3% per year. We will not achieve that return goal every year but expect to meet or exceed that return over long periods of time. For example, the PSRS/PEERS year-to-date investment return for calendar year 2024 (January 1, 2024, through September 30, 2024) is approximately 10.7%. Most importantly, the total plan return of 8.3% over the last 10 years exceeds both the historical long-term investment objective (actuarial assumption) and the total plan policy benchmark return¹ of 7.3%.

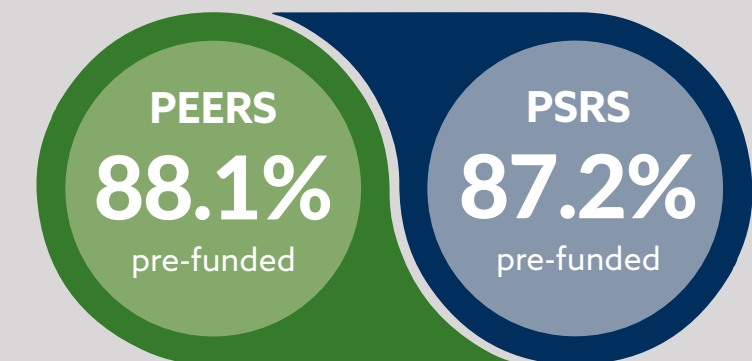
**10-Year Investment Results
Period Ending September 30, 2024**

PSRS/PEERS Investment Return	8.3%
PSRS/PEERS Actuarial Assumption	7.3%
Benchmark Return ¹	7.3%

The market value of invested assets for PSRS and PEERS combined was approximately \$60.3 billion on September 30, 2024, making the joint entity larger than all other public retirement plans in Missouri combined, and the 44th largest defined benefit plan in the United States. For the most recent PSRS/PEERS investment news, visit us on the web at www.psrs-peers.org.

Your Retirement Plan is Strong: PEERS and PSRS Remain Well-Funded

As of June 30, 2024, PEERS was 88.1% pre-funded and PSRS was 87.2% pre-funded. That means, as of the end of our last fiscal year, PSRS/PEERS had enough assets on hand to pay almost 90% of all present and projected future benefits with today's dollars. In the pension industry, this level of pre-funding qualifies PEERS and PSRS as "healthy" funds.



PSRS/PEERS' funding comes from three sources, member contributions, employer contributions and investment earnings. Investment earnings are the primary source of funding for PSRS/PEERS benefits, providing over 60% of total funding.

25-Year-Average



Note: The 19¢ includes member contributions and service purchases.

¹ The plan policy benchmark is a standard to measure investment performance and indicates the return of the PSRS/PEERS asset allocation if passive market rates of return were achieved.

2025 **Benefit Statements** Coming in January

In late January, you will receive your annual PEERS **Benefit Statement**. This document provides a comprehensive summary of your membership and your monthly benefit as of January 1, 2025.

This important document is a record of your:

- Benefit amount
- Tax Information and withholding amounts
- Benefit plan and benefit history
- Cost-of-living adjustments (COLAs)
- Beneficiary designation

We recommend that you review your statement to ensure that all information is accurate. If you find any discrepancies, please update your address,

phone number or email address in Web Member Services by selecting the *Update My Contact Information* button on the home page. You can also make updates by using the **Member Information Change** form, available on the Forms page of our website.

You may update your beneficiary for Lump Sum Payment of Contributions and Interest and Last Benefit Payable at any time by logging in to Web Member Services at **www.psr-peers.org**. These updates can also be made via forms on our website or by request. For questions about Joint-and-Survivor beneficiary updates, contact us for assistance.

Tax Documents and The Missouri Public Pension Exemption Changes for 2024

Your IRS Form 1099-R

You will receive your tax year 2024 IRS Form 1099-R by January 31. This document shows the total amount of funds you received from PEERS throughout 2024. It includes details on taxes withheld and identifies the portion considered taxable income. Make sure to have this form ready when filing your 2024 income tax returns. If you have a tax advisor, it's wise to provide them with this information for a comprehensive review.

Understanding the Missouri Public Pension Exemption for 2024

Missouri offers a public pension exemption and depending on a variety of factors, you may be able to deduct up to 100% of your public retirement benefits received from PEERS on your Missouri income tax return.

Starting with the 2024 tax year, the exemption is no longer limited by your filing status or Missouri adjusted gross income.

Please also note that the public pension exemption is capped at the maximum Social Security benefit of each individual in a household.

To learn more about eligibility and how these exemptions could impact your tax situation, visit **www.dor.mo.gov** or get in touch with the Missouri Department of Revenue at (573) 751-3505. You can also email **income@dor.mo.gov** or consult a tax professional for tailored advice.



Working After Retirement 101: The Basics You Need to Know

Working as a retiree for a PEERS-covered employer can be rewarding and beneficial for you and your employer. But this work is limited by law. If you exceed a limit that applies to you, your benefits may be put on hold, and you will be required to pay back the amount earned in excess of your limit, or the entire amount of your monthly benefit for any month during which the limit is exceeded, *whichever is less*.

To help you work after retirement without an impact on your benefits here is a quick look at the basics you need to know.

Work at Covered Employers Has Limits

Work for employers that are not covered by PEERS is not limited by law and will not affect the payment of your benefits.

Post-retirement work for PEERS-covered employers is subject to a maximum limit of 550 hours per school year. If you retire in a month other than July, the 550-hour limit will be prorated your first year after retirement.

Detailed information about your personal limit will be sent to you by mail when we are notified by your employer that you are working after retirement.

Work Limit on Substitute Teaching are Temporarily Waived This School Year

The work limit on part-time or temporary-substitute work as a classroom teacher are waived through June 30, 2025. This is due to legislation signed by the Missouri governor in 2022. As of this time, the work limit will once again apply starting July 1, 2025.

Disability Retirees Have Work Limits that Depend on Their Age

Disability retirees who return to work before age 60 may earn up to the substantial gainful activity limit for non-blind Social Security Disability Insurance (SSDI) benefits, which is set by the Social Security Administration and is subject to change each year. For 2025 this limit is \$19,440. Upon reaching age 60, disability retirees are subject to the same post-retirement work limits as service retirees.

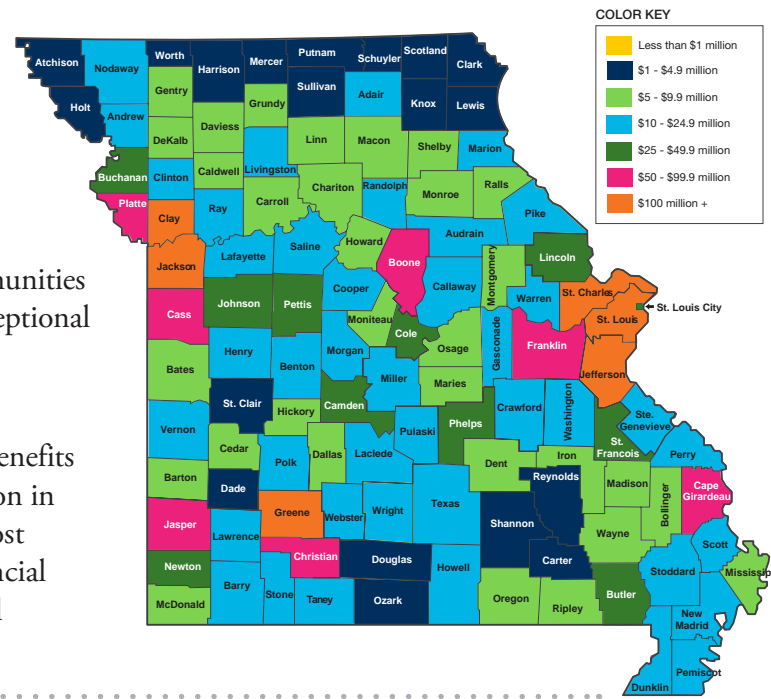
Check the Work Your Employer Has Reported for You in Web Member Services

You can see the work your employer has reported to us by logging in to Web Member Services. Keep in mind, that there can be a delay between the time of your work and when your employer submits payroll to us, so you may have worked more hours than what is reported online.

The Impact of PSRS/PEERS Benefits on Missouri

PSRS/PEERS benefits are essential for securing financial stability for our retirees. They not only provide a consistent and dependable income stream for individuals, but also make a significant contribution to Missouri's economy. These benefits support local communities and assist public schools in attracting and retaining exceptional educators and staff.

As of June 30, 2024, nearly 110,000 individuals are experiencing the financial security that PSRS/PEERS benefits provide. In the 2023-2024 school year, over \$3.8 billion in benefits were distributed, with a remarkable 88%, almost \$3.4 billion, going to residents of Missouri. This financial support creates a positive ripple effect, benefiting local economies throughout all 114 counties in the state.



Explore Web Member Services

The quickest way to get the latest information about your membership is to view it online using Web Member Services, the PSRS/PEERS online, self-service membership information portal.

As a Retiree, You Can:

- Update your contact information
- View, and sometimes update, your beneficiary designation
- Set your communication preferences
- Update your direct deposit and income tax withholding
- View a benefit summary
- Get cost-of-living adjustment information
- View your annual **Benefit Statement** and IRS 1099-R tax forms
- Upload and view documents shared by our specialists

Accessing Web Member Services

You can register for secure access anytime on our website. Just select *Member Log In* at the top right corner of the screen. If you have been retired for more than five years and are registering for the first time, you may need to contact us to have your account unlocked. We apologize for any inconvenience. This is a fraud prevention measure designed to protect the security of your personal information.

Explore the Document Center

Did you know that Web Member Services also has a Document Center? It's a fantastic tool designed specifically for our members. Located within the *Documents* menu in Web Member Services, it allows us to display documents directly to you. While you might not have any documents in your Document Center yet, we encourage you to check it out.

Expansion is now underway to give you the option to automatically get all correspondence and forms in your Document Center, rather than in the mail. When complete, this conversion will ensure you get the information you need faster and more efficiently, while also helping us save time and money.

Unmasking a Deceptive Scam and How to Protect Yourself

In recent months, a disturbing scam has gained traction, targeting individuals through unexpected messages from strangers. This scam involves a deceptive tactic where victims are gradually lured into making increasing monetary contributions, often under the guise of a developing relationship or business partnership.

How the Scam Works

- 1. Initial Contact:** Victims often receive unsolicited texts, direct messages on dating apps or communications through social media platforms. The scammers typically transition to Voice over Internet Protocol (VoIP) chat applications for further interaction.
- 2. Building Trust:** Scammers invest time in developing a seemingly meaningful relationship with their targets. They aim to gain trust before introducing high-yield investment opportunities, particularly in virtual assets like cryptocurrency.
- 3. Investment Pressure:** Once a relationship is established, the scammer will instruct the victim to open accounts on online investment platforms. Victims are then encouraged to deposit money via wire transfer to shell companies or legitimate cryptocurrency exchanges.
- 4. Manipulative Tactics:** As the scam progresses, victims may feel pressured to invest increasingly larger sums. The scammers often threaten to end the relationship if the victim does not comply.
- 5. The Disappearing Act:** When victims attempt to withdraw their funds, they may face unexpected fees or find themselves locked out of their accounts. Ultimately, the scammers vanish, taking all the invested money with them.

What to Do If You Encounter This Scam

If you receive unsolicited messages that seem suspicious, it's best not to engage. Responding could be the first step in falling victim to a scam.

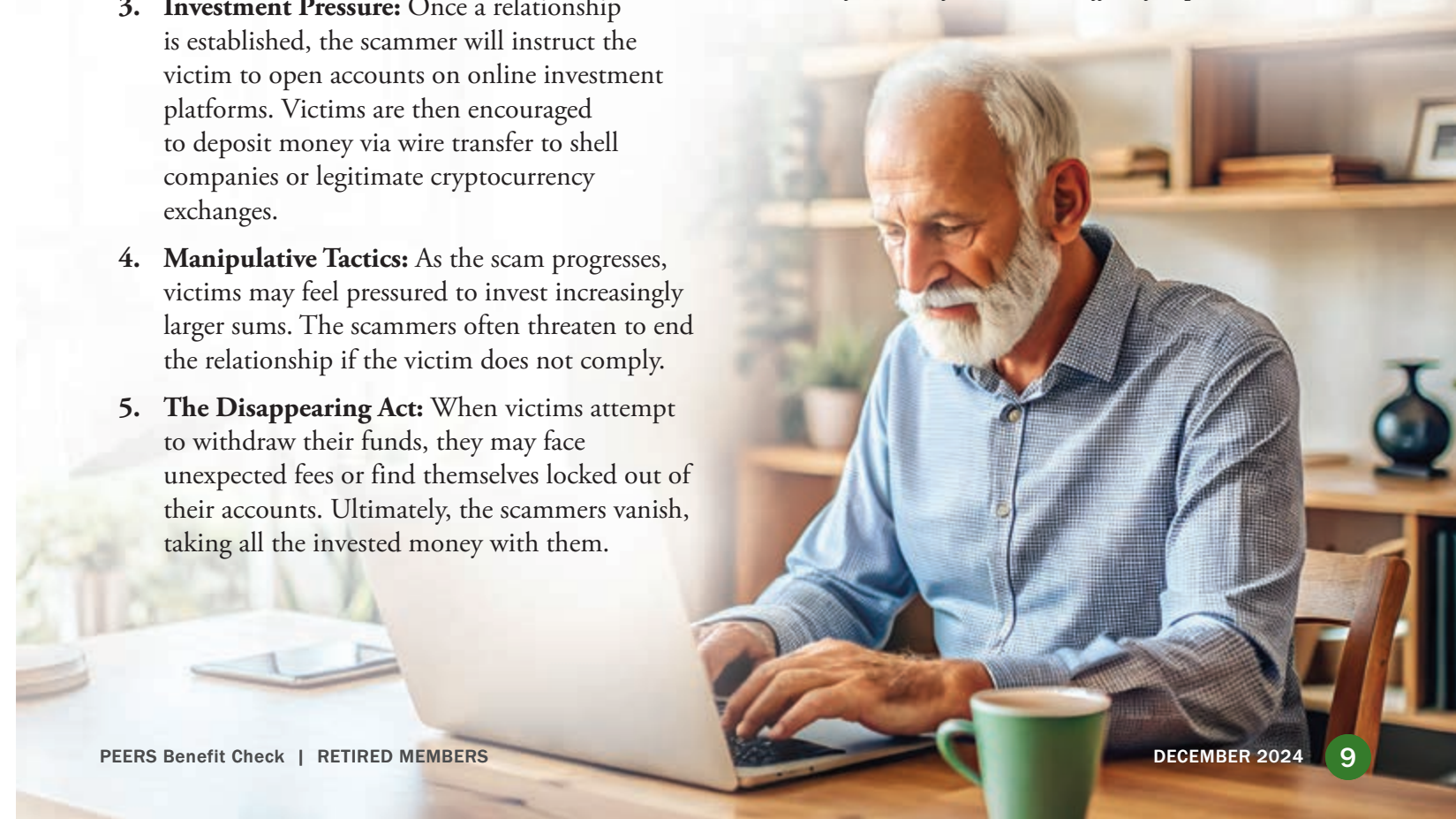
Report Suspicion

If you believe you have been targeted or scammed:

- Notify your bank immediately.
- Contact your local police department to file a report.
- Report the incident to the FBI's Internet Crime Complaint Center (IC3) at [ic3.gov](https://www.ic3.gov).

By being aware of the signs and following the recommended actions, you can protect yourself from this growing threat. Stay vigilant and informed to avoid becoming the next victim.

Based on information from the U.S. Office of Inspector General.



Dr. Jason Steliga Announces Departure from Board of Trustees, Beth Knes Named New Chair

At the August 26, 2024, Board of Trustees meeting, Board Chair Dr. Jason Steliga announced that he would be stepping down from his seat on the Board effective October 15, 2024. During his time on the Board, Dr. Steliga proved himself to be a strong, positive voice for public education, PSRS/PEERS and the Systems' members.



Dr. Jason Steliga He has been named executive director of the Kansas City Public School Retirement System (KCPSRS). KCPSRS is a Defined Benefit (DB) pension plan that serves the employees of the Kansas City, Missouri School District, Kansas City Public Library and charter schools within the boundaries of the Kansas City, Missouri School District.

Dr. Steliga joined the Board of Trustees in October 2015, as an elected member of PSRS and was re-elected to serve additional terms starting July 1, 2018 and July 1, 2022. He served as Board chair from July 1, 2021 until his departure.

"Jason was an outstanding trustee and served our members with great passion during his time on the Board. From day one, he was one hundred percent dedicated to maintaining the health and stability of the Retirement Systems, and protecting the retirement security we provide for Missouri's public school educators and staff. We sincerely thank Dr. Steliga for sharing his time, insight and leadership over the last nine years as a committed and trusted member of our Board. We wish him the very best in his new position."

– Beth Knes, PSRS/PEERS Board Chair

According to Board policy, Vice Chair Beth Knes took over the role of chair effective October 15. To replace her in the position of vice chair, the Board elected Dr. Eric Park at their October meeting.



Beth Knes

Knes has been a trustee since August 22, 2017, and retired from public education in 2014. Most recently, she served as executive director of student services for the Rockwood School District. She previously held administrative roles at several suburban St. Louis area schools, but started her education career as an education specialist/psychological examiner and special education teacher.



Dr. Eric Park

Dr. Eric Park, appointed to the PSRS/PEERS Board of Trustees by Governor Mike Parson on July 2, 2021, is an investment professional with 40 years of experience and co-founder of an LPL Financial office in Washington, Missouri. His extensive background includes serving as vice president of investment at Hilliard Lyons, investment broker at AG Edwards, treasurer and board member at Leslie Stephens Shoe Company, and CFO/chairman (interim CEO) at The Langenberg Company. He has also taught as an adjunct professor at East Central College and the University of Missouri-Columbia.

Board of Trustees Election Coming in April

An election will be held in April to fill the vacant PSRS member seat on the PSRS/PEERS Board of Trustees created by the departure of Dr. Jason Steliga, who left the Board October 15, 2024. Those who were interested in running were asked to obtain petition forms from PSRS/PEERS, which became available November 4, 2024. Petition forms must be returned with a postmark no later than December 18, 2024. Petitions must include 200 or more member signatures from each of any four Missouri Congressional districts, plus sufficient additional signatures to total at least 1,000 signatures.

All active and retired members of PSRS and PEERS are eligible to sign petitions and vote for candidates. An auditing committee comprised of representatives from various Missouri educational associations will examine the petitions and certify to the Board that the candidates are qualified to run.

In the event that only one candidate is certified, no election will be required, and that individual will assume the vacant seat.

In the case of an election, ballots will be mailed by our election services company to all PSRS/PEERS members on February 18, 2025. Written statements from all candidates will be included with your ballot. Votes placed by paper ballot must be postmarked by March 20, 2025. Internet and telephone voting will also be available via our election services company. Instructions will be included on the ballot. Internet and telephone voting will also close on March 20, 2025. The election results will be official and certified on April 4, 2025. The winning candidate will serve the remainder of the previous trustee's unexpired term, which expires June 30, 2026. After that time, they must run for re-election.



PSRS/PEERS Wins Workplace Award

For the second straight year, PSRS/PEERS has been recognized by Pensions & Investments (P&I) magazine as one of the "Best Places to Work in Money Management." 2024 winners were recognized in the magazine's December 9 issue.



Now in its 13th year, P&I's annual recognition program continues to celebrate the top employers in the money management industry. Winners of this year's award were selected based on the results of employee surveys conducted by P&I and Workforce Research Group.

"It is an extraordinary honor to receive this prestigious award again this year," said PSRS/PEERS Executive Director Derald Snider.

"Every member of our staff, management and Board of

Trustees should be proud. Their efforts have contributed to our exceptional culture, dedication to teamwork and the resulting best-in-class benefits and service we provide."

"On behalf of the Board of Trustees I would like to extend a hearty congratulations to PSRS/PEERS. We are proud of the staff's positive attitude and dedication as they serve our members. It does not surprise us they have earned this honor for the second year in a row."

– Beth Knes, PSRS/PEERS Board Chair

P&I is a global news source for the money management industry, written for executives at defined benefit and defined contribution retirement plans, endowments, foundations and sovereign wealth funds, as well as investment management and other investment-related firms. P&I provides timely coverage of events affecting the money management and retirement businesses.



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Highlights from the Fall Employer Conference

On September 25 and 26, our Employer Services team welcomed 165 employers from across the state to the annual Fall Employer Conference at the Lake of the Ozarks. This year's theme, *Impacting Futures, One Task at a Time*, set the tone for an engaging and informative gathering.

The conference provided an excellent platform for payroll professionals to connect and share insights on various aspects of retirement reporting. Attendees participated in a range of educational breakout sessions that addressed important topics, including retirement eligibility, salary and insurance reporting, Final Average Salary caps and working after retirement limits.

Another highlight of the event was an inspiring keynote presentation, True Colors, delivered by the Missouri Training Institute, where attendees were able to learn about different personality types in the workplace.

"The Employer Conference has become an event that both our employers as well as my entire team enjoy. Our payroll contacts come to learn but it also gives them the opportunity to network with their peers and put a face with the voice at the other end of the line when they call our office," shared Stacie Verslues, director of employer services.

Contact Us

VISIT

PO Box 268 | 3210 W. Truman Blvd.
Jefferson City, MO | 65102-0268

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